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One year ago tomorrow I went to the national convention of a major farm organization and said:

"I am here to open what I hope will become a full-scale national dialogue on the future of American agriculture...I am here to ask you to begin thinking and thinking hard about what kind of agriculture you believe would be in the best interests of farmers and the nation."

That marked the launching of what has become known as the "Structure of Agriculture" project, and I've come here today to give you a first anniversary report on its progress.

I want to tell you what the project is, why I called for it, and where it is at this point.

But before I do that, I think I ought to say a few words about what the project isn't.

1. It is not a calculated effort to wrap statistical data around a particular point of view in order to advance that point of view.

2. It is not a ploy, as some have charged, to woo the political support of small farmers...to pit small farmers against big farmers...to break up big farms...or to put constraints on farm expansion or acquisition.

3. It is not a paper exercise. It is not just another scholarly, but largely irrelevant, study destined to collect dust in the archives.

As to the first, my charge to those carrying out the project is a matter of public record. I said: "I am telling all participants to let the factual chips fall where they may, regardless of how those facts might contradict their own--or my own--prejudices."

Remarks prepared for Secretary of Agriculture Bob Bergland, delivered by James C. Webster, Assistant Secretary for Governmental and Public Affairs, before the Mid-Year Conference of the National Association of State Departments of Agriculture, Hotel Washington, Washington, D.C., March 11, 1980

As to the second suspicion, I can only say this. I don't believe that breaking up big farms is the way to save smaller family farms. I see no justification for that. In the first place, 'big' is a relative term when it comes to farm size. What is a big farm of one type in one location may be a small farm of one type in another. In the second place, all but 2 percent of our farms are 'family farms', regardless of how big they are, and in many instances their size determines their success. I happen to believe that the broadest possible competitive mix of farms--and that includes large as well as small--is in the best interests of everyone from farmer to town dweller to consumer.

Finally, the structure project is not a paper exercise that will be of only passing interest to some scholar browsing the library stacks years from now.

All right, so much for what the structure project isn't.

What is it?

It is the most ambitious, far-ranging and intensive effort ever made to determine how American agriculture is organized, who controls it, and where it is heading.

We have set out to:

1. Define and clarify fundamental problems in agriculture.
2. Assemble, correlate and interpret all of the facts bearing on these issues.
3. Initiate new research or adjust on-going research to explore all aspects of

the structure of agriculture, its present trends, and its future course.

4. Work with the agricultural community and the consumer public to encourage the greatest possible participation in the national dialogue on what kind of agriculture we want--and will need--in the decades to come.

To accomplish this we are using the combined resources of the USDA, universities, private researchers, farm organizations, state and local governments, church and other group interests in rural issues, and the entire public spectrum.

Our goal is two-fold:

The first is to encourage everyone involved to set aside tired slogans and long-held positions and to think hard, think fresh and think big. The opportunity is simply too great to let old prejudices hobble the chances for success.

The second is to amass the most comprehensive and reliable base of data ever compiled for developing not only a new farm bill in 1981 but for making whatever adjustments in tax laws, credit programs and government regulations are deemed necessary to make a positive impact on the structure of agriculture in terms of enhancing fairness, opportunity and competition.

What we need most is a way to measure how all public policies and programs impact simultaneously. How do they augment one another? How do they offset one another?

I have become convinced that until we get this information we'll continue to apply patchwork remedies--never getting to the source of the problems, never finding a comprehensive solution that avoids unwanted and unintended consequences.

That brings me to the reasons why I called for a structure project and a national dialogue on the future of agriculture and rural America.

My experience as a farmer, as a Congressman, and as a Cabinet member have persuaded me that while we now have in place the foundation for a national food policy, we do not yet have a clear and purposeful farm policy.

What policy we have is shaped by events and circumstances, not by vision and deliberation. Programs that are the product of reactive policy tend to be themselves reactive or narrowly focused or transient or...even worse...expedient.

I've used this example to explain what I mean. There are some 144 different farm commodities. At any one time, perhaps 20 of them are in trouble. When the trouble occurs, pressure builds on Congress to apply a "patch"--higher support prices, emergency allocations for fuel, subsidies for energy to power irrigation, or some other quick fix.

In other words, we do not have farm policy goals that are consistently and explicitly expressed. The means and the ends become blurred. Price supports and target prices and the reduction of surplus stocks, for example, become the only focus of policy.

Over the years, neither the Congress nor the administrations in power have been entirely to blame. The incredible pace of change in agriculture since the end of World War II too often has meant that policymakers simply haven't had the time or the insight to do much more than react.

They responded to immediate crises and tried to provide some measure of stability. But short of time and minus in-depth and up-to-date information, they made policy that may well have had results they neither planned, expected nor wanted.

Most of the income benefits from traditional commodity programs, for example, now go to the largest producers.

The tax laws now on the books have favored larger operations and encouraged outside investment in agriculture.

And it is altogether possible that our credit programs may have created what I call "economic cannibalism" by giving aggressive, low-risk farmer-borrowers the means to buy out their less advantaged neighbors.

Now I know you've heard these statistics before, but let's just run through them quickly.

In the last 40 years, half the farms in America disappeared...but those remaining doubled in size. Today only 200,000 of the 2 million or more remaining farms produce nearly two-thirds of the food and fiber we use or sell abroad.

At the same time that this has taken place, the agricultural marketing system has become increasingly geared to large-scale producers. So have the businesses that sell fertilizers, seed and other input supplies to farmers.

And soaring land prices have erected entry barriers that frustrate more and more young people who want to go into farming.

Now some say that the technological advances in agriculture over this period of time made these changes in agricultural structure inevitable even without an assist from public policy. Moreover, they look at the resulting productivity gains, the benefits to the national economy, to consumers and to many farmers and conclude that the changes were good.

But others view the structural shifts from another perspective. They see a negative impact on the social and economic health of rural communities, on soil and water, on economic competition and freedom of opportunity. What is more, they wonder how large-scale farming will fare under the impact of soaring prices and short supplies of fuel and fertilizer, of falling water tables in dryland areas, of skyrocketing interest rates and tightened credit on big farm operators, many of whom carry heavy debt loads.

These, then, were among the considerations that prompted me to call for the structure project. And there were others.

For all the successes of the 1977 Food and Agriculture Act--and it truly marked a major step toward a national food policy--it has shortcomings. Like its predecessors, it, too, fails to acknowledge the wide diversity among American farms, so it does not address the full range of farm needs and problems.

In part, this is why we have paradoxes like these:

Net farm income has risen substantially in the last two years, but so has farm debt. The value of farm assets stands at record levels, but farmers' need for ready cash has never been greater.

Farm product exports continue to break records every year, helping to reduce a chronic trade imbalance and holding down inflation. But snarls in the transportation network moving these products across and out of the country have become more frequent and more serious. Moreover, many in farming are beginning to worry about the capacity of our soil and water resources to meet the productivity demand made by export expansion without sustaining serious loss or damage.

These and other factors considered, I concluded that the agricultural economy had reached the point where a serious and comprehensive assessment of the forces shaping it and the direction it would likely take in the future was now in order.

I reasoned that by starting early in 1979, working through 1980 and into 1981 we could, indeed, comprise a remarkable data base upon which to make reliable policy recommendations.

Today I can tell you that the structure project is on track and on time. Every item on the action agenda is either firmly scheduled, under way, or completed.

I can also tell you that no conclusions can be drawn as yet--nor will any be announced until every component of the project is completed, analyzed and evaluated.

The research agenda is under way. Work has begun on papers and projects to be completed within the department and at various universities. Categories include: cross-commodity issues; individual commodity issues; international food and domestic commodity issues; domestic farm structure issues; resource and development issues; food distribution and nutrition issues; and tax provisions relating to farm structure issues.

A review of USDA agency programs is being carried out to determine program impacts on the structure of agriculture. This review will take into account public comment as it makes use of analytic processes and agency experience to develop alternative program strategies.

Teams combining agency and departmental analysts will deal with such major structural topics as credit, conservation, commodities, marketing and rural development. They will review department programs in each area to identify those which appear to have the most impact on the structure of agriculture, or the most serious consequences. They will then propose remedial options.

By its very nature, most of this work has been--or is being--done with minimal public attention. In contrast, however, the national public dialogue part of the structure project has not only attracted widespread public participation but considerable media attention.

The dialogue was launched at ten regional public meetings that I conducted late last fall in Vermont, North Carolina, Alabama, Iowa, Missouri, Texas, Colorado, Washington, California and Indiana.

More than a thousand men and women asked to speak on the formal panels that took up much of each meeting. Of these, 210 were selected as representative of the broadest range of interests within the particular region. In addition, more than 350 people spoke informally during the open microphone sessions that concluded each day's schedule, 250 submitted written comments and recommendations, and 2,500 others mailed their comments directly to USDA. Seventy percent of all the speakers and a majority of the correspondents were farmers.

When the meetings were announced, participants were asked to think about--and to comment on--12 broad areas of concern: land ownership, control and tenancy; barriers to entering and leaving farming; production efficiency, size of farms and the role of technology; government programs; tax and credit policies; the farm input-supply system; the farm product-marketing system; present and future energy supplies; environmental concerns, including conservation and use of soil and water; returns to farmers; costs to consumers, and the quality of life in rural areas.

Before the public meetings were held, the USDA published a 305-page explanation and discussion of these concerns from the perspective of the USDA's experts. This book, called "Structure Issues of American Agriculture," was distributed to those scheduled to testify at the public meetings and to other interested people.

Each panelist presented a prepared statement and later was questioned by me or by an assistant secretary of agriculture, or in some instances, by state commissioners of agriculture and/or the member of Congress from that particular area.

I tried to ask questions that didn't necessarily reflect my own feelings but would generate a lively discussion. Questions like these:

*If we raise price supports to help beginners make a living, doesn't that just increase the ability of older farmers to outbid them for new land?

*How much of the risks of farming should the government share or absorb? Should we provide the same buffers for the 40-acre cotton grower and the 25,000 acre operation?

*Is there a sound way to tilt farm programs so they benefit most those who most need those benefits?

*Should price-support programs take into account regional or individual variations in production costs? If so, how?

*Some say the federal investment tax credits have worked against family farm operators by underwriting outside investors who erect factory-type production facilities? Should the investment tax credit provision be changed to discourage this?

*Is the trend toward larger, fewer, more highly-mechanized and specialized--but supposedly more vulnerable--farms inherently unsound?

*What do you think is the proper federal role, if any, on the matter of regulating who can sell what farmland to whom and for what purpose, when "property rights" is a state matter? Should the federal government take over this responsibility from the states?

*How do we persuade people to take better care of their soil whenever they're tempted to cash in on rising grain and soybean prices by plowing fence row to fence row, including marginal land?

*If we adjust inheritance taxes to allow easier passing-on of farms from parents to children, aren't we creating a landed gentry?

*How can we improve access to markets for smaller producers? Why would a wholesale grocer in your city pay more for tomatoes trucked in from another state than he would have to pay to buy them locally? What's going to happen when it costs too much, or the fuel isn't available, to ship lettuce from California to New York?

The meeting record that includes the formal presentations, the written submissions and the responses to questions like these now exceeds more than 10,000 pages of verbatim transcripts. These transcripts are being reviewed by the permanent staff of economists and program and policy officials in the department to identify complaints that should be investigated and those critical areas where precise information is still lacking or where perceived trends have been questioned.

Summaries of each of the hearing transcripts have been prepared and will be published before the final public hearing is held in Washington April 29 and 30 and May 1. At that time national farm organizations and elements of the food and agriculture system not fully represented, if at all, at the earlier meetings will have their say.

Well, what have I heard thus far at the public meetings? I've heard frank, blunt, but for the most part sincere and thoughtful comments.

A thin-skinned Secretary of Agriculture wouldn't have been very comfortable at these meetings, I can assure you. But I'm not thin-skinned, and I found they were the best of all places to hear the concerns of rural America in the year 1979.

Did we find any measure of consensus? Well, a good many called for higher prices for their products. That was expected. But they differed on how to get them. And that was expected, too.

For the most part, the comments revealed clear evidence of the continuing clash between two venerable American ethics--the democratic ethic and the enterprise ethic. The democratic ethic, of course, is based on the belief that control of resources and political decisions should be as broadly based as possible. The enterprise ethic holds that there should be no limits on the amount of property men and women can fairly earn through their work.

The challenge for the policymakers regarding structure is to bridge the gap between these two ethics with insight and understanding. Can it be done?

Well, one man who believes it can be done is Dr. Don Paarlberg, professor emeritus at Purdue University, and the director of economics for the USDA when Earl Butz was Secretary of Agriculture. Dr. Paarlberg testified at the final public meeting in Lafayette, Indiana, and I'd like to summarize what he said.

Acknowledging the trend toward larger but fewer farms, he said, and I quote: "Some people look upon these trends as bad, while others consider them to be good. Some people, including myself, consider them to be a mixture of good and bad. Some people think these trends are inevitable and therefore not responsive to public policy initiatives."

The prevailing view of the general public seems to be that these trends, on balance, are bad, that they constitute a threat to the family farm, and that they can be influenced by public policy decision. The major factor responsible for these trends is the industrialization of agriculture. But publicly supported programs have speeded them up....

"Present public supported agricultural programs are tilted toward servicing--and thereby encouraging--the super large farm units. To redress this imbalance, which I recommend, would not mean what is sometimes alleged--going back to small, inefficient farms. It would simply mean removal of the large farm bias in these programs that presently exists."--end of quote.

I'd like to close now by quoting from testimony given at the first public meeting, in Vermont, by the very first witness, a dairy farmer from Freeport, Maine, who said:

"I have been farming on my own for the last 24-1/2 years. That coincides almost exactly with the era in which the cries 'Bigger is better' and 'Get big or get out' have been heard across the farmlands of America. Farmers have gotten out in droves, some believing what they've been told, some trying to get bigger and failing to find salvation that way.... More than a century of increased efficiency and a quarter-century of increasing farm size in quest of efficiency have gotten us tractors on the Capitol mall.

"Inevitably, the next two decades will see massive amounts of our agricultural land change hands, so if we wish to steer the structure of American agriculture in any given direction, now is very nearly our last chance....

"(And) as we consider the structure of agriculture, remember that we are dealing with the shape of our democracy."

We are, indeed.

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